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CONTENTS

MARKET REVIEW

Deliveries of sugar for United States consumption during October and the first half of November 1959 were about 135,000 tons less than for the same period last year. Even so, cumulative deliveries from January 1 through November 14, 1959, were still about 150,000 tons higher than comparable 1958 deliveries, representing just about a normal rate of year-to-year growth.

Deliveries of 838,000 tons in December 1958 were the highest of record for that month. For deliveries in the remainder of 1959 to approach the 1958 level would require some stimulus such as general hedging against a possible resumption of the dock strike on December 27. The stimulus in 1958, of course, was the political situation in Cuba. The lower deliveries in October-November 1959 probably largely offset the build-up in "invisible inventories" prior to September 30 brought on by the dock strike and announcements of price increases.

Beet sugar deliveries for the year through November 14, 1959, are about 35,000 tons below those of last year. During the last seven weeks of 1958 beet sugar deliveries totaled 373,000 tons. Of this amount 293,000 tons were made in December and included 82,000 tons of constructive deliveries. With a 1959 calendar year quota of 2,268,000 tons, beet processors had a quota balance of 437,000 tons on November 14, 1959 or 64,000 tons in excess of last year's deliveries after that date.

By November 19 the spot raw sugar price at New York had declined to 6.30 cents per pound from the 6.57 cents price that had prevailed from October 15 through November 10. This decline brought the price for 1959 quota sugar near that being paid for overquota sugar to be held for 1960 distribution. Although the spot price held at 6.57 cents, sales of 1959 quota raw sugar during the first ten days of November were small leading to successively lower prices beginning November 12 for the limited quantity of 1959 quota raw sugar still on offer.

While prices for raw sugar for quota and overquota delivery were equalizing, the March 1960 price was relatively constant. Adjusted to a duty paid basis March Futures, ranged from 6.05 to 6.15 cents from October 1 to November 20 and closed at 6.10 on the latter date.

At the end of October refiners' stocks of 580,000 tons were about 170,000 tons larger than at the same time last year and 120,000 tons larger than the average held at the end of October for the years 1954-58. About 900,000 tons of sugar still were available to refiners within quotas for the last two months of the year but over half of this was sugar from cane to be harvested in the mainland cane area.

If refiners receive all of the remaining quota sugar their supply, including October 31 stocks, would total about 1,480,000 tons of quota sugar. November-December 1958 deliveries by refiners totalled 957,000 tons. During the first two weeks of November 1959 refiners' deliveries were about 10,000 tons less that during that period last year. Unless a strong demand develops during the balance of the year refiners' year end quota stocks will exceed the 440,000 tons held at year end 1958. However, the increase in these stocks is expected to be at refineries south of Hatteras and on the West Coast with little change indicated for North Hatteras refineries. The course of negotiations in the contract dispute with longshoremen during the next few weeks will bear most directly on refiners' deliveries and year end stocks.

Wholesale prices of refined sugar remain unchanged from last month except for a .25 cent

per pound increase for both beet and cane sugar in the northern part of the Pacific Coast territory effective November 1. This brought the quoted price to 9.00 cents per pound for both beet and cane sugar in that part of the Pacific Coast territory and 9.10 cents in the southern portion. Refined cane sugar is quoted at 9.55 cents in the Northeast, 9.40 cents in the Southeast and 9.50 cents in the Gulf territory. In the Chicago-West territory the refined cane sugar quotation is 9.00 cents with beet sugar at 8.80 cents per pound. A .10 cent allowance is made for both beet and cane sugar delivered to Illinois, St. Louis, Missouri, Southeastern Wisconsin and some cities in Indiana. An additional .10 cent allowance is reportedly being made in the Chicago area.

The world raw sugar price for October ranged from a high of 3.15 cents per pound f.a.s. Cuba to a low of 2.97 cents with an average for the month of 3.10 cents. From November 1 to 20 it declined from 3 cents to 2.91 cents. The market is lifeless with little interest in purchases for 1959 delivery. March Futures are following the same trend, dropping from 3.25 cents at the beginning of October to 3.02 cents on November 19.

Ample supplies of world market sugar are in sight for 1960. Much publicized European beet crop difficulties make the 1959 crop small only in comparison with the record crop of 1958. For Europe as a whole the crop appears to be about a million metric tons larger than the 1957 crop and almost 3 million tons larger than the 1956 crop. Large imports of sugar in 1957 and 1958 followed by exceptionally large production of beet sugar in the fall of each of those years provided most European countries with relatively large stocks at the time they started their 1959 beet harvests, despite radical reductions in 1959 imports. Likewise stocks have increased in most exporting countries.

The International Sugar Council is meeting in Tangiers, Morocco on November 23, 1959 to review the supply and requirements situation and take initial action on quotas for 1960.

THE UNITED STATES SUGAR PROGRAM

In July, 1953, the Department published, "The United States Sugar Program" as Agriculture Information Bulletin No. 111. The following article brings up-to-date the text of that Bulletin, which is now out of print. In 1956 the Sugar Act was amended and extended through 1960. Thus, further Congressional action may make the present text out-of-date within a relatively short time. Additional pertinent data on sugar production, distribution, and prices appear in tabular and graphic form in Sugar Reports No. 90, October 1959.

THE SUPPLY AND DISTRIBUTION SYSTEM

Since the end of sugar rationing in the fall of 1947, sugar deliveries for consumption in the continental United States have tended to increase with the population growth and to be stable on a per capita basis. While annual per capita deliveries fluctuated from 94 to 102 pounds of refined sugar in response to such extraneous factors as the Korean conflict and the Hungarian and Suez crises, the three-year moving average rate of annual deliveries fluctuated only between 96 and 97 pounds.

Total annual distribution averaged about 8.9 million short tons, raw value [1/], during the latest three-year cycle; this is equal to about 8.3 million tons of refined sugar. The domestic areas, in total, have been accorded the right to supply approximately 53 percent of the requirements of the continental United States. Cuba furnishes about one-third of our needs and the Philippines about 11 percent. About 3 percent is imported from other foreign countries. More than half of the domestically produced sugar is supplied by the mainland cane and beet areas. The remainder comes from Hawaii, Puerto Rico, and a small fraction from the Virgin Islands.

Our supply areas are sufficiently scattered to assure, in the aggregate, a dependable source of supply. There is seldom a year when drought or other natural disaster causes serious crop damage in more then one or two of these areas. This wide dispersion of our sources of supply would also be a protection in case of war.

In the continental United States, sugar beets are produced in 22 Western and North Central States. The most important beet producing states are California, Colorado, and Idaho. Sugarcane is grown in a number of Southeastern and South Central States, but only Louisiana and Florida produce cane for the manufacture of sugar. Cane produced elsewhere is used to make sugarcane sirup.

Most sugar from cane goes through two stages of processing to produce the refined sugar commonly used in American households. The first process, that of extracting, boiling, and otherwise processing the cane juice, is conducted in the producing area in raw cane-sugar mills. The products obtained are raw sugar, usually in crystalline form and various by products such as blackstrap molasses and bagasse. Raw sugar and blackstrap molasses can be used directly without further refining - raw sugar for curing tobacco, for instance, and molasses for cattle feed and the manufacture of ethyl alcohol, yeast, vinegar, and citric acid. Bagasse, the fibrous portion of cane, is used principally as fuel in the cane mills and as raw material in the manufacture of building board, cardboard, and paper.

1/ "Raw value" is the term used in the Sugar Act for expressing in a common unit the various types of raw and refined sugars that move in commerce. One ton of refined sugar equals 1.07 tons of sugar, raw value.

Most of the cane sugar brought to the mainland from offshore areas, both foreign and domestic, is in the raw form. It is put through the second process - the refining process - in refineries, most of which are located in large port cities. A few refineries, however, are located in producing areas and some are located at interior points of consumption. Refined sugars, refiners' sirups, and refiners' blackstrap molasses result from this second process.

In contrast to cane sugar, refined sugar from beets is processed in a single plant. The principal byproducts are beet molasses and beet pulp. The pulp is used for cattle feed. Beet molasses, like blackstrap, is used as an ingredient in cattle feed, and in the manufacture of yeast and citric acid. A substantial quantity of beet molasses is put through the Steffen's process for additional extraction of sugar. The resultant Steffen's waste is used to produce monosodium glutamate, a condiment.

In the domestic areas, 64 beet sugar factories, 108 cane sugar mills, and 33 refineries were in operation in 1958; 13 of the latter were operated as part of or in connection with cane sugar mills. These establishments represent an investment in land, plant, and equipment of approximately two-thirds of a billion dollars. Approximately 63,000 workers are employed in the plants.

About 77,000 producers grow cane or beets. About 240,000 farm workers are required, mostly on a seasonal basis, to cultivate and harvest the cane and beets. During the early years of this decade, about 300,000 farm workers were required.

OUR NATIONAL SUGAR POLICY
ITS HISTORY AND DEVELOPMENT

Since the passage of the first Sugar Act in 1934, the sugar policy of the United States has been to maintain a healthy domestic industry of limited size; to promote our general export trade; and to assure adequate sugar supplies to consumers at reasonable and stable prices. This policy did not take shape overnight but emerged after 145 years of congressional decisions and actions affecting the course of the sugar industry.

Tariff for Revenue, 1789 to 1890

The foundation of the present-day United States sugar program was laid down shortly after this country gained its independence. In 1789 the new nation, seeking means of supporting its Government, imposed the first tariff on raw sugar[2/], to help raise revenue. At that time and through most of the next century, import duties and domestic excise taxes were the major source of Government receipts. The sugar "tariff for revenue" yielded close to 20 percent of all import duties. This duty remained on sugar continuously until 1890, holding at about 2.5 cents a pound during most of the period but ranging from 1 to 3.5 cents.

Although the purpose of the first sugar tariff was to produce money for the Treasury, it also provided considerable market protection to sugarcane growers in Louisiana after that area became a United States Territory in 1803. The Louisiana industry had reached significant size by 1830. Later, the same protection was granted to Hawaii under the terms of the Reciprocal Treaty of 1876 between the United States and the Kingdom of Hawaii. Under that Treaty Hawaiian sugar was admitted duty free. With this market advantage, and a climate ideally suited to growing sugarcane, Hawaii rapidly expanded sugar production. By the 1890's, the production of sugar had become Hawaii's most important industry dependent principally on market outlets in this country for its prosperity.

2/ The tariff discussion is confined to the tariff on raw sugar, since most of the sugar imported is in raw form. Generally, refined sugar tariffs have been higher than raw sugar tariffs.

The Sugar Bounty, 1890 to 1894

In 1890, with a surplus in the Treasury, the need to maintain a raw sugar tariff to produce revenue was no longer pressing and the duty, then 2.25 cents a pound, was repealed. The placing of raw sugar on the free list reduced the cost of sugar to consumers but removed tariff protection to domestic producers. Protection, however, was continued in the form of a 2-cent bounty on each pound of sugar domestically produced.

Removal of the tariff and the inauguration of the bounty had an important effect in two producing areas - Hawaii and Cuba. Production in Cuba was stimulated when removal of the tariff further opened the United States market. On the other hand, Hawaii was hurt badly, since it lost its preferred position in the American market when the sugar duty was repealed. The price of Hawaiian sugar fell sharply. Hawaiian sugar producers did not receive the bounty. General unrest followed leading to revolt against the monarchy of Queen Liliuokalani in 1893 and the establishment of the Republic of Hawaii in 1894.

Tariff for Protection, 1894 to 1934

In 1894, the bounty system was discontinued and a new tariff levied on sugar. However, the primary purpose of the new tariff was not to produce revenue as was formerly the case but to protect the domestic industry which had reached significant size under the first tariff and the bounty. An additional motive was to return Hawaii to its preferred status in our market.

The second sugar tariff program remained in force from 1894 to 1934. The history of the sugar industry during that period is a sequence of stable earnings, wild prosperity, severe but short-lived depression, temporary recovery, and prolonged depression, in that order.

As a result of the Spanish-American War, three potentially heavy sugar-producing areas were added to the areas receiving protection in our market. Free trade was extended to our new possessions, Puerto Rico and the Philippine Islands, and a preferred status was granted to Cuba. Puerto Rico received free trade status in 1901. Tariff aid was given more gradually to the Philippines, but by 1913 Philippine sugar was granted unlimited free entry. Cuba was granted a 20-percent tariff preferential under the Convention of Commercial Reciprocity of 1902.

Production expanded rapidly in these areas with the granting of protection. Cuba and Puerto Rico, like Hawaii, became specialized one-crop areas directly dependent upon the continuation of our protective policy for the livelihood of their people. Sugar also became a mainstay of the Philippine economy, but the industry never reached as dominant a position there as it did in the other areas.

Our beet industry, which got its start under the "tariff for revenue" and the bounty system, also flourished with tariff protection. By the time of World War I, the beet area was supplying almost one-fifth of the sugar marketed in this country.

At the turn of the century slightly more than half of our sugar came from foreign countries other than Cuba. But by 1913 the increase in sugar supplied in the continental United States, in our territories, and in Cuba had pushed practically all other foreign sugar from our market.

In World War I, the Government placed rigid controls on sugar distribution and on prices of refined sugar. In addition, a price guarantee was placed on Cuban sugar and domestic sugar beets to encourage production. The beet area responded to wartime price incentives only to maintain production; but Cuba, where sugar offered the principal means of participating in wartime expansion, greatly increased its production.

After World War I, with the lifting of controls and the prospect of short supplies, sugar became one of the speculative leaders in the world-wide inflationary boom of 1920. The world price of raw sugar reached a monthly average peak of more than 19 cents a pound in May 1920. The bubble soon burst and the price of world sugar dropped to an average of less than 5 cents a pound in December 1920. The depression in world sugar lasted through most of 1922. Toward the end of the year, however, sugar prices began to advance and by 1923 reached a second, but much lower, postwar peak of slightly more than 6.5 cents a pound and ranged between 5 and 6 cents a pound for more than a year.

Many believed that the sugar industry both in this country, and generally throughout the world, had recovered its prewar order and prosperity. Americans especially showed their confidence in the future of sugar by pouring large sums of money into Cuban sugar production.

But the international sugar industry was in for a rude shock. World sugar production began outstripping world demand in 1925. Surpluses accumulated and prices dropped below 1922 levels. The trend in world production continued upward even in the face of mounting surpluses and unprofitable prices. This was partly because of artificial stimulation of beet-sugar production in countries which had historically imported sugar but which desired to become self-sufficient. In addition, there were tremendous improvements in methods of cultivating and processing sugarcane during the 1920's and early 1930's. Except for a slight upturn in 1927, world sugar prices did not improve between 1925 and 1928. In 1929 prices began to decline once more. The situation worsened each year from 1929 to the bottom of the general depression in 1932-33.

The depression in world sugar, in both the early and late 1920's, was felt by domestic producers as well as by producers in the large exporting countries as United States prices generally moved with world prices. In 1921, the United States price was lower than at any time since 1916, and Congress raised the sugar tariffs. The duty on sugar from Cuba, our principal foreign competitor, was increased in 1921 from 1 to 1.60 cents a pound, and in 1922 to 1.7648 cents a pound. The duty on other foreign sugar was also increased each time so that the Cuban tariff preferential was maintained.

As the world price was firm, these increased duties solved the immediate price problems of domestic producers. In fact when the world price strengthened in 1923 and 1924, consumers complained that the tariffs were forcing the United States price too high.

When the world depression in sugar became serious in the late 1920's Congress was asked for still higher tariffs to offset world price reductions. As a result, in 1930 the duty on Cuban sugar was raised to 2 cents a pound and the duty on other foreign sugar was raised to 2.5 cents. However, the bottom was falling out of the world sugar market. By May, 1932, the world price of raw sugar dropped to less than 1 cent a pound. The United States price followed the world price downward reaching the depression low of less than 3 cents a pound in 1932 - the 2-cent duty on Cuban sugar plus the world price and the cost of freight from Cuba.

Although the domestic sugar price was quite low compared with prices in previous years,

the duty did hold the price at an irreducible minimum - a guarantee that other agricultural enterprises did not have. The duty-paid price actually permitted production to increase in Hawaii, Puerto Rico, the Philippine Islands, and the beet area.

The increase in production in the beet area was not due to the fact that returns from sugar were high at the going price but only that competing crops promised even lower returns at that time. Technological progress and the effort to offset low prices by increased output caused production to climb in the islands.

It was generally agreed that domestic producers needed higher prices if they were to realize fair returns. On the surface at least, the tariff promised to give sufficient protection to our sugar producers if it were raised high enough. But in the severe depression years of 1932 and 1933 it became clear from two important standpoints that further increases in the tariff would not be a solution to the sugar problem.

First, the stimulus of high tariff protection was already causing over-production in certain domestic areas, thus offsetting the price benefits of the protection. It was apparent that if the tariff were raised enough to afford adequate returns to growers in the highest cost areas, production in other areas would have been excessively stimulated and our market further crowded.

Second, Cuba's income from sugar had fallen so drastically that changes were needed that would help improve her economy and her trade with the United States. A 20 percent duty preference since 1903 had made Cuba the source of more than 98 percent of the foreign sugar entering the United States. After 1930, imports of sugar from Cuba fell to less than 30 percent of our supply from both domestic and foreign sources and the value of our annual exports to Cuba fell to a low of about 25 millions of dollars after having averaged well over 150 millions for the decade ending in 1930. Tariff increases all over the world had encouraged production in importing countries, reducing the demand for Cuban sugar in other countries, also. As a consequence, Cuba was compelled to cut production substantially. The one crop on which Cuba's livelihood primarily depended was almost unsalable

During the early months of 1933, the United States Tariff Commission made a careful appraisal of the prevailing sugar situation and recommended a program emphasizing supply controls rather than the traditional tariff method of assistance. In a letter to the President of the United States, dated April 11, 1933, the Chairman of the Commission noted the failure of the tariff to solve the sugar problem. He pointed out that the price had declined to disaster levels for both American and Cuban producers; that both the domestic industry and that of Cuba required price relief; that prices should be raised by limiting, through a quota system, the supply of sugar offered for sale in this country; and that if some type of quota system were instituted by this country, the duty on Cuban sugar might be reduced to help restore the purchasing power of Cuba.

The first attempt to develop a new sugar program was made in 1933 by representatives of the sugar industry under the authority of the Agricultural Adjustment Act. That act empowered the Secretary of Agriculture to raise farm prices and restore farmers' purchasing power by two methods: (1) By restricting production of "basic" farm commodities and making benefit payments in return for restriction; and (2) by restricting sales of farm products through voluntary marketing agreements with distributors and processors. Since sugar was not classed as a basic commodity in 1933 (it was a basic commodity from 1934 to 1936), the Secretary asked the various segments of the industry to meet in Washington and work out a plan for improving and stabilizing sugar prices under the voluntary mar-

keting agreement authority of the Agricultural Adjustment Act.

During the summer of 1933, numerous conferences were held by representatives of the industry to develop a marketing agreement for sugar. Many of the sessions were quite stormy owing to the difficulties in settling the differences of the conferees. Any plan that would increase the price of sugar involved cutting supplies placed on the market, and naturally, each area was interested in having the other area do most of the cutting. In September, a plan was submitted to the Secretary of Agriculture for his approval. The plan was called the Stabilization Agreement and was designed to accomplish stabilization in four ways: (1) The fixing of minimum prices for raw sugar; (2) the limiting of total deliveries of sugar to the United States market and the allocation of a share of the market to each domestic and foreign producing area through a quota system; (3) the limiting of production in each domestic area to fit the marketing quotas; and (4) the prohibition of so-called unfair methods of competition, such as secret rebates, concessions, and price discounts, among the distributors of sugar.

After considering the Stabilization Agreement the Secretary concluded that the plan was unworkable on the grounds that it would tend to increase rather than remove the disparity in agriculture's purchasing power. The Government further indicated that "no effective control of production was contemplated" under the plan. Another objection to the plan was that it did not provide for a reduction in the Cuban tariff nor, the Government believed, adequate sharing of our market with Cuba.

The Sugar Stabilization Agreement did not go into effect. But its formulation made possible the later enactment of the first sugar legislation, the Jones-Costigan Act. In developing the plan the industry had, for the first time, gotten together, thrashed out its problems, and agreed on such controversial matters as the need for balancing supplies with demand and of assigning under a quota system a portion of the market needs to each area.

When the Stabilization Agreement was rejected, the Government used the plan as a starting point and drafted a new set of proposals. These proposals were recommended by the President to Congress for legislative action in early 1934. On May 9 of that year, the President approved the Jones-Costigan Act which included most of the President's recommendations. Succeeding sugar legislation has carried forward the basic philosophy underlying the Jones-Costigan Act.

THE SUGAR ACTS, 1934 to 1959

The Jones-Costigan Act, an amendment to the Agricultural Adjustment Act, contained six principal features for dealing with the sugar problem. These were (1) the determination each year of the quantity of sugar needed to supply the nation's requirements at prices reasonable to consumers and fair to producers; (2) the division of the United States sugar market among the domestic and foreign supplying areas by the use of quotas and subordinate limitations on offshore direct consumption sugar; (3) the allotment of these quotas among the various processors in each area; (4) the adjustment of production in each area to the established quotas; (5) the levying of a tax on the processing of sugarcane and sugar beets, the proceeds of which to be used to make payments to producers to compensate them for adjusting their production to marketing quotas to augment their income; and (6) the equitable division of sugar returns among beet and cane processors, growers, and farm workers.

The act remained unchanged until early 1936 when the Supreme Court ruled that a tax on

processors of agricultural commodities was unconstitutional when used as a device to control production. In view of this decision, Congress repealed the provisions of the act permitting the imposition of processing taxes and the making of production control contracts between the Government and growers. But the quota and allotment system remained in effect.

The repeal of the processing tax and payment provisions of the Jones-Costigan Act was considered crippling to the sugar program by the Government and others interested in the program because it removed the incentive to growers for holding production in line with quotas. Therefore, in the following year, the President recommended that Congress enact new legislation embodying, in general, the principles of the earlier legislation. This recommendation resulted in the enactment of the Sugar Act of 1937. To meet the objections of the Supreme Court to the old processing tax, the new excise tax was not related to Government payments to growers. The new act authorized the Secretary of Agriculture to make such payments out of the Treasury from funds appropriated for this purpose.

The Sugar Act of 1937 was originally scheduled to expire in 1940. However, it was extended to 1941, then from 1941 to 1944, from 1944 to 1946, and again from 1946 through December 31, 1947. The quota limitations were lifted by Presidential proclamation from September 11, 1939 to December 31, 1939, because of scare buying after the outbreak of war in Europe. They were again lifted by the President from April 1942 through 1947 during this country's war emergency.

The Sugar Act of 1948 superseded the 1937 act and extended the sugar program through December 31, 1952. The new legislation did not change the basic objectives of the Sugar Act of 1937 but it did change the method of establishing quotas. In the 1937 act, a fixed percentage of the estimated requirements was assigned to each domestic and foreign area. The Sugar Act of 1948, however, assigned fixed quantities to domestic areas and the Philippines and variable quotas to Cuba and "other foreign countries" by distributing the balance of our requirements to these countries on a percentage basis. This gave the benefit of our increased consumption largely to Cuba. Also, it was known that the Philippines would have large sugar dificits for several years, and 95 percent of these were assigned to Cuba.

This country felt obliged to help Cuba to market its record crop in the face of anticipated decline in world demand. We had strongly urged Cuba to increase production during World War II to help make up the loss of Philippine sugar and to supply the needs of our war emergency. Cuba responded to the request, and marketed a large part of its output to this country at prices far below those prevailing in the world free market.

In 1951, Congress again reviewed the sugar program and the need for continuing protection for the domestic industry through special legislation after December 31, 1952, when the Sugar Act of 1948 was due to expire. In September 1951, the Sugar Act of 1948 was amended and extended from January 1, 1953, to December 31, 1956.

Amendments to the act primarily concerned quotas. The Puerto Rican quota was increased from 910,000 tons to 1,080,000 tons and the Virgin Islands quota from 6,000 to 12,000 tons. Participation of Cuba and other foreign countries in the overall variable quota was changed somewhat. Other foreign countries were granted 4 percent of the overall variable quota instead of 1.36 percent as provided in the unamended act. Cuba's share was set at 96 percent. A liquid sugar [3] quota was assigned to the British West Indies

3/ Liquid sugar is defined as noncrystalline sugar containing nonsugar solids (excluding any foreign substances that may have been added or developed in the product) equal to not more than 6 percent of total soluble solids. This is exclusive of sirup of cane juice produced from sugarcane grown in the continental United States.

in addition to the quotas previously allotted to Cuba and the Dominican Republic. In addition, some revisions were made in the method of reassigning among other areas the unfilled portion or deficit in the quota of a particular area.

In May 1956, the Sugar Act of 1948 was again amended and extended to December 31, 1960. The amendment restores to the domestic areas participation in the growth of our sugar market. Beginning in 1956 market growth in excess of 8,350,000 tons is shared 55 percent by domestic areas and 45 percent by foreign countries. The first 165,000 tons of increased quotas for domestic areas are assigned 51.5 percent to the domestic beet area and 48.5 percent to the mainland cane area; the next 20,000 and 3,000 tons are assigned to Puerto Rico and the Virgin Islands, respectively; and increases in excess of 188,000 tons are apportioned among all domestic areas on the basis of quotas then in effect for each domestic area. The increase in quotas for foreign countries other than the Republic of the Philippines resulting from market growth in excess of 8,350,000 tons is assigned in the ratio of 43.2 percent to Cuba and 1.8 percent to all other such foreign countries in 1956, and 29.59 percent and 15.41 percent, respectively, in 1957 and each subsequent year. The quota for the Republic of the Philippines remains unchanged throughout the extension of the Act. Deficits in that part of any domestic area quota which pertains to sugar requirements in excess of 8,350,000 tons are prorated to the other domestic areas only. As in the past, Cuba shares in the proration of domestic area deficits resulting from the inability of any domestic area to market the portion of its quota pertaining to sugar requirements up to 8,350,000 tons. In addition to other amendments of an administrative or technical nature, there are also some changes in the provisions for the limitation of direct consumption sugar entry within the offshore quotas.

The Aims of Sugar Legislation

The preamble of the Sugar Act of 1948, as amended, states that its purpose is "to regulate commerce among the several States, with the Territories and possessions of the United States, and with foreign countries; to protect the welfare of consumers of sugars and of those engaged in the domestic sugar-producing industry; to promote the export trade of the United States; and for other purposes." Stated more directly, the act is designed to maintain a healthy and competitive domestic sugar industry of limited size; to assure adequate sugar supplies to consumers at reasonable prices; and to promote our general export trade. Previous legislation had the same basic purposes.

How the Act Works

Determining The Sugar Needs of Consumers. Title II of the Act, called "Quota Provisions," requires the Secretary of Agriculture to determine how much sugar will be needed to fill United States requirements during each calendar year. The Secretary must make his determination in December for the following year, but he may revise it up or down during the year if the needs change. The sugar determination establishes the quantity of sugar in short tons, raw value, that may be marketed in the United States during the year under consideration.

In making his initial estimate the Secretary uses as a starting point the quantity of sugar distributed during the 12-month period ended October 31 next preceding the calendar year for which the determination is being made. Then he must make allowances for deficiencies or surpluses in the nation's sugar inventories and for changes in consumption caused by changes in population, and demand conditions. When the Secretary has arrived at a tentative figure, using the standards outlined above, he must then consider the price that this quantity of sugar would likely bring on a wholesale refined basis. If the estimated

sugar price will be excessive to consumers or too low to protect the welfare of the domestic industry, the Secretary is authorized to increase or decrease the determination of the quantity of sugar that may be marketed to achieve a fair and reasonable price.

Since the war, the Secretary has held a public hearing each year at which all interested persons - industrial users, and other consumers, distributors, refiners, beet and cane processors, and growers - may present views or arguments on the matter. This meeting is usually held in November each year, a few weeks before the requirements determination in December. Written statements may also be submitted for the Secretary's consideration.

The Secretary must also determine requirements for local consumption in Hawaii and Puerto Rico so that the general price and marketing objectives will be the same in all American markets.

Establishing Quotas To Domestic And Foreign Producing Areas. After the Secretary has determined requirements, each domestic and foreign producing area supplying this country with sugar is assigned a quota representing its share of the market.

Under the 1948 Act, as amended, fixed quotas totaling 4,444,000 short tons, raw value, are established for the domestic sugar-producing areas. In addition, 55 percent of United States sugar requirements in excess of 8,350,000 tons are shared by the domestic areas. This 55 percent of the increment between 8,350,000 and 8,691,818 tons is allocated to individual domestic areas in specific amounts. The domestic share of requirements in excess of 8,691,818 tons is prorated among domestic areas on the basis of their quotas at that level. The quota for the Republic of the Philippines 4/ is fixed.

Quotas for Cuba and "other foreign countries" 5/ vary each year depending upon the tonnage provided by the Secretary's sugar requirements determination. First, Cuba is allotted 96 percent and other foreign countries are allotted 4 percent of the difference between 8,350,000 tons and the sum of the fixed domestic and Philippine quotas (5,424,000 tons). That difference is 2,926,000 tons.

Second, forty-five percent of the total requirements in excess of 8,350,000 tons are apportioned as follows: 29.59 percent to Cuba and 15.41 percent to other foreign countries.

Table 1 shows (1) the proration of quotas when sugar requirements are 8,350,000 short tons, raw value; (2) the proration of quotas for domestic areas when sugar requirements are 8,691,818 tons, (at that requirements level the priority provisions of the 1956 legislation are fully consummated); and (3) the percentage proration of requirements in excess of 8,691,818 tons to the several domestic areas and the percentage proration of requirements in excess of 8,350,000 tons to foreign countries other than the Republic of the Philippines.

4/ The Philippine quota entered duty free until January 1, 1956 when it became subject to 5 percent of the Cuban duty rate. Since January 1, 1959, it has been dutiable at 10 percent of the Cuban rate. This rate will be increased by 3 year periods, (to 20 percent beginning with the year 1962 and then sucessively to 40, 60 and 80 percent) to 100 percent of the Cuban duty rate from January 1 to July 3, 1974 and to the full duty rate beginning July 4, 1974. The Philippine quota is specified in the Sugar Act of 1948, as amended, as 952,000 tons of sugar. The raw value equivalent of this quantity is presently determined by the Secretary as 980,000 tons calculated from available data on the average purity or polarization of sugar received from the Philippines during a period preceding the year for which the quota is established. If the average polarization of Philippine sugar entered in this country changes significantly, the Secretary may change the raw value equivalent of the Philippine quota.

5/ Sometimes called "full duty countries" as contrasted with Cuba and the Republic of the Philippines.

Table 1. - Proration Of Quotas

Area	Quotas when total quotas are 8,350,000 tons	Quotas of Domestic areas when total quotas are 8,691,818 tons	Percentage proration for total quotas in excess of basis levels shown in columns (1) or (2)
	(1)	(2)	(3)
Domestic	short tons, raw value		percent
Domestic beet sugar	1,800,000	1,884,975	22.3821
Mainland cane sugar	500,000	580,025	6.8871
Hawaii	1,052,000	1,052,000	12.4914
Puerto Rico	1,080,000	1,100,000	13.0613
Virgin Islands	12,000	15,000	.1781
Total domestic	4,444,000	4,632,000	55.0000
Foreign			
Philippines	980,000		0
Cuba	2,808,960		29.5900
Full Duty Countries	117,040		15.4100
Peru	50,062		4.3300
Dominican Republic	29,482		4.9500
Mexico	11,259		5.1000
Nicaragua	8,001		.5739
Haiti	4,820		.2090
Netherlands	3,000		.0696
China (Formosa)	3,000		.0594
Panama	3,000		.0594
Costa Rica	3,000		.0587
Canada	631		0
United Kingdom	516		0
Belgium	182		0
British Guiana	84		0
Hong Kong	3		0
Total Foreign	3,906,000		45.0000
GRAND TOTAL	8,350,000		100.0000

United States sugar requirements and the quotas representing the share of each producing area are determined and expressed in short tons, on a raw value basis. Most of the quotas for the domestic offshore and foreign areas may be filled only with raw sugar to be further refined or improved in quality on the mainland. Raw sugar is defined in detail in the Act and in a regulation issued under it.

Other sugar is "direct-consumption sugar". This includes, primarily, white refined and other types of sugar familiar in home consumption. However, it also refers to other lower grade sugars when used directly without further refining. Raw sugar, for instance, when used in the curing of tobacco and certain types of pork products is considered "direct-consumption sugar." About 600,000 tons of direct-consumption sugar are entered from offshore domestic and foreign areas each year.

Liquid sugar of domestic origin may generally be marketed within the quotas for domestic areas, except for a restriction on liquid, direct-consumption sugar from Puerto Rico to a portion of the specific direct-consumption allowance which may be entered from that Commonwealth.

Cuba, the Dominican Republic, and the British West Indies have separate small liquid sugar quotas determined and expressed in gallons of 72 percent total sugar content. No foreign liquid sugar may be imported within the crystalline sugar quotas described above.

The liquid sugar quotas for foreign countries are shown below. The act does not provide for the reapportionment of liquid sugar quota deficits.

Country	Wine gallons of 72-percent total sugar content	Approximate equivalent in tons of sugar, raw value
Cuba	7,970,558	33,473
Dominican Republic	830,894	3,489
British West Indies	300,000	1,260
Other foreign countries	0	0

Deficits In Quotas. If the Secretary finds that any domestic area or Cuba cannot market its quota, he must allocate the deficit among the rest of these areas in proportion to their quotas, provided that any deficit in a domestic area quota, which occurs because of inability to market that part of the quota resulting from sugar requirements in excess of 8,350,000 tons, is prorated to the other domestic areas alone rather than to domestic areas and Cuba.

If the Philippines are unable to market their quota, 96 percent of the deficit are allocated to Cuba and 4 percent to other foreign countries. A deficit by a foreign country in its proration assigned from the overall quota for "other foreign countries" is allotted among the remaining countries of this group. Cuba is assigned any deficit in the overall quota for "other foreign countries." If any area is unable to fill the deficit assigned to it, such deficit may be reapportioned to such other areas as the Secretary determines is necessary to obtain the sugar. A deficit determination, however, does not deprive any area or country of the right to market its full quota. If a foreign country having a quota or proration in excess of 10,000 tons fails by more than 10 percent to fill it during a year in which the world price of sugar exceeds the domestic price, its quota or proration will be reduced in subsequent years by the quantity by which the country failed to fill its quota or proration unless the Secretary finds sufficient cause for such shortfall.

Establishing Marketing Allotments To Processors And Importers [6/]. One important function of the sugar program is to promote orderly marketing. The establishment of quotas alone may accomplish this. But sometimes quotas are not enough, especially when supplies in the producing areas materially exceed the quotas. If, for example, a domestic area has more sugar available for marketing than its quota, the various processors are likely to rush sugar on the market to make sure they dispose of their supply before the quota is filled. This produces the unfortunate combination of a temporarily oversupplied market and panicky sellers and usually results in an unwarranted decline in price.

If the Secretary finds that the pressure of supplies in an area is likely to cause disorderly marketing, he must allot the quota fairly among the processors. This allotment assures each processor of an equitable share of the market, removes the "fear" element, and permits the conduct of business on a more stable day-to-day basis.

The allotment of quotas among processors is based on past marketings of sugar by the persons concerned, their ability to market sugar during the season for which the allotment is being made, and on their sugar processings from beets or cane to which proportionate shares pertain. Proportionate shares are covered in the following section.

Assigning Proportionate Shares. As pointed out above, the Sugar Act requires the Secretary to divide the United States sugar market among domestic and foreign areas and, if necessary for orderly marketing, to divide quotas among processors and importers.

For domestic areas, the act also requires the Secretary to divide the market among individual farms. In dividing the market among farms, however, the Secretary is dealing with a different total quantity of sugar than when determining quotas and allotments. He must allow for enough sugar to provide a normal carryover as well as the amount of sugar represented by the quota. Because of the time it takes to grow and process a crop of sugar beets or sugarcane, the "proportionate shares" must be determined long before the quota is finally established to regulate the marketing of sugar made from that crop.

The Secretary must determine the quantity of sugar each domestic area may carry over into the following year. Then he makes allowances for deficiencies or surpluses in the current stocks in the respective areas and adds to or subtracts from the quota sufficiently to assure a normal carryover into the next year. The resultant amount, which represents the total quantity of sugar that may be produced in the area, is then divided among farms. Each farm's allotment, known as its "proportionate share," may be expressed in acres, tons of sugarcane or beets, or in tons of sugar, raw value, which can be normally produced from cane or beets.

For many years, proportionate shares in the several domestic areas were simply determined as the beet or cane acreages actually grown or, in the offshore domestic areas, as the tonnage of raw sugar actually processed from the sugarcane grown. In recent years, however, it was necessary to determine restrictive proportionate shares in some of the areas in order to prevent the accumulation of sugar stocks in excess of marketing quota and normal carryover needs. Such restrictions were in effect on an acreage basis in the mainland cane area for the crop years 1954 through 1958 and were established but later rescinded for the 1959 crop. In the domestic beet area such restrictions have applied to the 1955 through 1959 crops. Restrictive proportionate shares were in effect in Puerto

6/ Allotments may be made to persons who market or import sugar. Allotments of domestic area quotas have been made to processors of sugarcane and sugar beets. For mainland production allotments apply to the first sale of the sugar. For offshore production allotments apply when the sugar is brought into the continental United States or, in domestic areas when first sold for local consumption. No foreign quota has been allotted.

Rico on a sugar tonnage basis for the crop years 1953 through 1956.

The purpose of assigning specific shares to farms in a particular area is to adjust crop output to the area's quota and normal carryover and to assure that each farm will share in this adjustment equitably. In determining the proportionate share for a farm the Secretary may consider past production and the ability of the farm to produce beets or cane during the year for which the determination is being made. The act requires the Secretary to protect the interests of small and new producers and producers who are tenants and share-croppers in assigning shares and to consider the interest of producers in any local producing area where past production has been seriously affected by abnormal and uncontrollable natural conditions.

In actual practice, proportionate shares are not made restrictive unless production in an area has exceeded or promises to exceed the quota and normal carryover, and marketing allotments have failed to bring about a balance between production and allowable area marketing. Marketing allotments are applied when excessive production and disorderly marketing first become problems. Because of the administrative detail involved and the complicating fact that the harvest season in most areas does not coincide with the calendar year, i.e. the quota year, plans for assigning specific proportionate shares must be made well in advance of the crop year for which they will be in effect. Thus, when it appears that there will be a reasonable balance between an area's production and its quota or when an area clearly will not be able to produce enough to fill its quota, proportionate shares are not made restrictive. For instance, the 1957 proportionate share determination for Puerto Rico stated that the share for each farm is "the amount of sugar, raw value, commercially recoverable from the sugarcane grown thereon and marketed (or processed by the producer) during the 1956-57 crop season for the extraction of sugar or liquid sugar."

Producers are not required to stay within their assigned proportionate share if they do not wish to do so. However, in order to receive "conditional payments" from the Government, growers must abide by the proportionate share determination. Since these payments are an important part of their income, the growers comply with this determination. If all the sugar processed from beets or cane in excess of a grower's proportionate share is used for livestock feed or for the production of livestock feed, he will receive conditional payments on his proportionate share.

Assuring Fair Division of the Benefits of the Sugar Program. The principal way in which the domestic industry derives benefits from the sugar program is through the stabilization of raw and refined sugar prices at reasonably profitable levels. But the framers of the Jones-Costigan Act did not leave solely to competitive forces the carrying of these benefits through retailers, wholesalers, refiners, and importers, to beet and sugarcane processors, growers, and farm workers. They provided in that act for a system of grower payments to assure that this sharing would take place. This system was carried forward in succeeding legislation though, as pointed out earlier, handled in a different manner. Under the present act, these payments are called conditional payments.

Conditional payments are appropriated annually by the Congress and financed out of the general fund of the Treasury. However, a tax on sugar provides funds for the Treasury which more than offset the total of all conditional payments plus the costs incurred by the Department of Agriculture in administering the Sugar Act. The basic rate is 0.5 cent a pound, raw value, on all sugar domestically manufactured, paid principally by beet processors and cane sugar refiners, and on importers of direct-consumption sugar. The provision for this tax is incorporated in the Internal Revenue Code. The tax is refunded on sugar used for livestock feed and on sugar exported.

As indicated in the section on proportionate shares, conditional payments act as an incentive to growers to adjust their production to the quota and carryover needs. But this payment system also has three other objectives. These other objectives are (1) to help provide adequate incomes to growers; (2) to assure growers and field workers a fair sharing of returns to the industry; and (3) to prevent the employment of child labor in field work.

The first objective is accomplished by augmenting grower income through conditional payments. The second and third objectives are achieved by requiring growers to observe certain conditions in order to receive conditional payments. These conditions are in addition to the requirement that growers comply with their proportionate share determination. They are as follows:

(1) Growers, who are also processors, are required to pay fair prices for cane or beets purchased from other growers. Fair prices are determined annually by the Secretary for each domestic area after public hearings and after investigation of the economic position of growers and processors. The fair price determinations fix the minimum levels of prices to be paid to growers by processors who are growers. In addition, they affect the level of prices paid to growers by processors who are not growers. Processors who are not growers pay about the same prices as grower-processors.

(2) Growers must pay field workers in full for work performed on cane or beets and at rates not less than those determined by the Secretary of Agriculture to be fair and reasonable. Each year the Secretary determines fair and reasonable wages for field workers in each domestic area. These wages are established after investigation and public hearings at which all interested parties may testify.

(3) Growers must not employ children under the age of 14 years or permit them to work on sugar beets or sugarcane. Children between the ages of 14 and 16 may not be employed or permitted to work for more than 8 hours a day. The children of growers who own at least 40 percent of the crop they are cultivating are exempted from these conditions. If these conditions are not observed by a grower he is penalized by a deduction of $10 from his payment for each child and for each day or part of a day during which such child was employed or permitted to work.

The rates of conditional payments vary with the volume of sugar produced from the cane or beets grown on a farm and are graduated downward from small to large production. The basic rate of $0.80 a hundred pounds of sugar, raw value, is paid on the first 350 short tons of commercially recoverable sugar contained in the beets or cane produced on a farm. This rate is reduced progressively to a minimum of $0.30 a hundred pounds on all sugar produced in excess of 30,000 short tons from the beets or cane on a farm. From 1948 to 1957 the average rate of payment was $0.68 a hundred pounds, ranging from $0.46 in Hawaii where most of the production is on large farms to $0.79 in the beet area. Payments in the mainland cane area, Puerto Rico and the Virgin Islands averaged $0.68, $0.69, and $0.66 a hundred pounds, respectively, during the same period.

The average payment rate for all domestic areas exceeds the tax rate - an apparent paradox in view of the fact that total tax receipts exceed the cost of the program. The explanation is that the tax is imposed on all sugar (foreign and domestic) manufactured or imported for direct consumption, but payments are made on domestic production only.

Compensation for Disaster Losses. The sugar program provides limited benefits for growers in the form of special conditional payments for crop deficiency or abandonment caused by drought, flood, storm, freeze, disease, or insects. For a farmer to be eligible for these payments, natural disasters must cause damage to all or a substantial

part of the crop throughout the local producing area in which he is located. In the case of a crop deficiency, the regular conditional payment is made on the farmer's actual yield and an additional payment is made sufficient to raise the total to the amount that would have been paid had he obtained 80 percent of the normal yield of commercially recoverable sugar. In the case of a bona fide crop abandonment, payments are made on one-third of the normal yield of abandoned acreage.

Payments for reduced yield are commonly known as deficiency payments and payments for abandoned crops are called abandonment payments. Both, however, are technically conditional payments and are covered by the conditional payment provisions of the act.

From 1948 through 1957, deficiency and abandonment payments averaged about $877,000 a year in the beet area, $129,000 a year in the mainland cane area and $195,000 a year in Puerto Rico. During that period only $64,000 were paid out in Hawaii (in 1955) and there were no deficiency and abandonment payments in the Virgin Islands.

Administrative Procedures. All regulations issued by the Agriculture Department under the authority of the Sugar Act are first publicized through an Agriculture Department Press Release, are published in the Federal Register a few days after issuance, and are codified as Title 7 Chapter VIII of the Code of Federal Regulations.

Certain regulations must be preceded by public hearings. These are marketing allotment orders, the determination of processes and qualities which distinguish raw sugar and direct-consumption sugar, and fair price and fair wage determinations. The rules governing the procedures for the issuance of these regulations form Parts 801 and 802 of the Code.

Other sugar regulations may be issued without prior public hearings. However, as noted earlier, it has become customary to conduct a hearing in November of each year, prior to the issuance of the initial sugar requirements determination for the following year. Informal public hearings are also conducted before restrictive proportionate share regulations (acreage allotments in the mainland areas) are issued.

Hearing notices, notices of proposed rule making, notices of recommended decisions, and notices of tentative decisions are also publicized through Agriculture Department Press Releases and, except for notices of informal public hearings on proportionate shares, are published in the Federal Register.

RESULTS OF THE SUGAR PROGRAM

Growth of the Domestic Industry (First Curtailed, Then Increased Moderately)

The imposition of sugar quotas and of production controls and the drought in 1934 caused a sharp cut in sugar production in the domestic areas. Between 1923 and 1933, production in the domestic areas (excluding the Philippines) increased from 2,046,000 to 4,036,000 tons. In 1934 domestic production was cut to 3,580,000 tons. The following year, 1935, domestic production was cut further to 3,420,000 tons. The effect of the sugar program was even more striking if the Philippine Islands are included as a domestic area, which they were in the pre-World War II period. In the 10 years before quota restrictions, our entries from the Philippines rose from 238,000 to 1,249,000 tons - an increase of more than 400 percent. In 1935, entries from the Philippines were only 917,000 tons within a quota of 982,000 tons. Production in that country was also cut substantially as the United

States was its principal market. Considered together, domestic production and Philippine imports were lowered 18 percent the first 2 years of quota legislation.

By 1936, as the market expanded with increased population and improved demand, the quota totals were increased. Under the Sugar Act of 1937, any expansion in the United States market was shared proportionately by both domestic and foreign areas. The 1937 act allotted the quota for each domestic and foreign area in terms of a specific percentage of overall sugar requirements. For domestic areas, these precentages totaled 55.59 percent, and for the Commonwealth of the Philippines, Cuba, and other foreign countries, 44.41 percent. This quota relationship existed from 1937 to 1947, after which time the 1937 act was replaced by the Sugar Act of 1948.

The Sugar Act of 1948 established fixed quotas for domestic areas and the Republic of the Philippines and flexible quotas for other foreign countries. The domestic quotas remained unchanged through 1955 except for the increase in the Puerto Rican and Virgin Island quotas which were enacted in 1951 and became effective January 1, 1953. These increases permitted a 4-percent growth in total domestic quotas during the 8-year period, 1948 through 1955. Therefore, most increases in sugar requirements over that period were filled by imports from Cuba and other foreign countries.

In 1956, the Sugar Act of 1948 was again amended and extended through 1960, and the participation of the domestic areas in the growth of our sugar market was restored. Since then, the domestic areas have shared 55 percent of all market growth in excess of 8,350,000 tons.

Economic Status of the Domestic Industry

Processors and Refiners. In general sugarcane and beet processors have had stable and adequate earnings under the sugar program. Only a few companies have gone out of business because of unprofitable operations. In contrast, when sugar prices were so erratic in the 1920's and so depressed in the early 1930's, many failed to weather the financial storms.

Refiners, like sugarcane and beet processors, have generally operated profitably under the sugar program. However, their plight never became as serious in the 1920's and early 1930's as that of the sugarcane and beet processors. One of the principal benefits the refiners enjoy under sugar legislation accrues from the limitation the act places on imports and shipments from domestic offshore areas of sugar in refined form. Unrestricted imports of refined sugar naturally would reduce the volume of mainland refining and would create price problems because offshore direct-consumption sugar is quoted at lower prices than sugar refined in the continental United States.

Growers. Growers' gross income has increased substantially since the program began in 1934. This larger income is the result not only of the influence of generally higher and more stable prices for sugar but also of an increase in the growers' share of sugar returns. Processors generally have operated profitably and, at the same time, have been able to pass on a higher proportion of total sales returns to growers. This increased return to growers has been possible through improvements in manufacturing efficiency on the part of the processors. In addition, the fair price determinations issued under sugar legislation have assured an equitable share of returns going to growers and have bolstered the bargaining position of growers who sell to processors who are not growers.

Growers income per ton of sugarcane and sugar beets has risen at a higher rate than the price of refined sugar; see Table 2. The farmer is now receiving a larger percentage of the sugar dollar than he did before 1940. During World War II and the early postwar per-

iod returns from sugar beet and sugarcane were affected by subsidy and price support programs under other legislation aimed at providing supplies at controlled prices.

Table 2. - Refined Sugar Prices and Growers' Income Per Ton From Mainland Sugar Beets and Sugarcane 1940-57

Crop Year	Refined Sugar 1/	Sugar Beets 2/	Sugarcane 2/
	Index (1935-39 = 100)		
1935-39	100	100	100
1940	102	104	103
1941	116	124	130
1942	119	139	151
1943	119	172	154
1944	117	199	162
1945	126	191	181
1946	173	203	208
1947	169	215	225
1948	168	193	184
1949	169	200	197
1950	178	204	240
1951	181	211	200
1952	186	216	215
1953	186	207	225
1954	183	197	216
1955	185	201	203
1956	193	213	246
1957	197	202	214

1/ Refined cane sugar price, wholesale, gross, with tax, N.Y., years beginning October, U.S.D.A. Stat. Bul. 214
2/ Sugar Act and war and postwar CCC price support payments included, U.S.D.A. Stat. Bul. 244

In recent years growers' income per ton of sugar beets and sugarcane has been well over twice as much as during 1935-39. Refined sugar prices also increased over this period but less than growers' income. This indicates that the growers' share in the sugar dollar has increased also.

Table 3. - Division of the net proceeds from sale of refined beet sugar between growers and beet processors - 1934-1957 1/

Crop Year	Growers	Processors
	Dollars per 100 pounds	
1934	1.66	1.88
1935	1.90	2.15
1936	2.08	2.17
1937	1.80	1,88
1938	1.61	1.68
1939	1.57	1.71
1940	1.79	1.79
1941	2.25	2.07
1942	2.44	2.08
1943	2.61	1.97
1944	2.66	2.01
1945	2.93	2.12
1946	4.14	2.99
1947	3.82	2.66
1948	3.83	2.78
1949	3.81	2.88
1950	4.04	2.92
1951	4.22	3.05
1952	4.33	3.13
1953	4.14	3.00
1954	3.98	3.01
1955	4.19	3.04
1956	4.25	3.07
1957	4.23	3.07

1/ Net proceeds are gross sales returns minus freight, excise tax and sales expenses. Computed from U.S.D.A. Stat. Bul. 244, Tables 10 and 11.

Table 3 shows more concretely the extent to which the beet growers' share of the net proceeds from the sale of sugar has increased in recent years. Before 1940 sugar-beet processors received a slightly larger share of the sugar dollar than did the growers. Since then the growers' share has increased substantially. The greatest increase took place from 1945 to 1946. Since 1945 the growers' share of net sales proceeds has typically been 58 percent. In addition, growers have received Sugar Act payments and, in most years from 1943 through 1947, Commodity Credit Corporation price support payments.

Growers in the domestic cane areas likewise have enjoyed a larger share of sugar returns than formerly. In Louisiana, for example, growers averaged about 63 percent of the total returns (excluding government payments) from sugar and molasses during the 1953-1957 period whereas they averaged only about 55 percent from 1936 through 1940.

During the war years the price received by beet growers expressed as a percentage of the parity price 7/ reached very high levels in view of the price support payments disbursed by the Commodity Credit Corporation during that period. In spite of these payments, beet acreage and production during the war years 1943 to 1945 were greatly reduced.

Since 1948 the price received by mainland sugarcane growers, expressed as a percentage of parity price, has fluctuated more than the corresponding price received by sugar beet growers (see Sugar Reports 90, Table 9, page 19). This is to be expected, because the sugarcane price is related to the average raw cane sugar price either during the week of sale or during the sugarcane marketing season. By contrast, the sugar beet price depends on net returns from refined beet sugar sales throughout the year. For mainland sugarcane the returns as percentage of parity vary considerably, the lowest in the 1948-58 period applying to the 1948 crop, the highest to the 1956 crop. Sugar beet and sugarcane prices for the years since 1950 would have been a lower percentage of parity, if the old formula for calculating parity had remained in effect.

Farm Workers

The standard of living of sugar-beet and cane field workers today is greatly improved over the living standards of field workers in 1934. Early minimum wage rates established under the Sugar Acts tended to become the rates actually paid. In more recent years, average wages paid have tended to exceed the minimums determined, enough so in Hawaii and Puerto Rico that determination of specifie rates for these areas has been discontinued. For the other areas, minimum rates established for the 1958 crops were 277.5 percent higher than those prevailing in 1934 (Table 4). On the other hand, the cost of food and clothing increased by only 151.7 percent.

The average earnings of field workers in 1958 for all domestic areas are shown in Table 5 along with the minimum rates for the areas for which such rates were established. Overtime premium payments, task premium payments, higher basic wage rates paid by some producers, and other factors account for the difference between minimum and average rates. In Hawaii, collective agreements and in Puerto Rico, the rates fixed by the Puerto Rican law recently have been as high as or higher than those indicated by the application of the standards customarily considered in establishing fair and reasonable wages under the Sugar Act. Accordingly, no specific rates have been established in Hawaii since 1954 and in Puerto Rico since 1957. However, to meet the requirements of the Act, a producer must have paid to the worker in full the wages required by existing legal obligations, regardless of whether such obligations resulted from an agreement (such as a labor union agreement) or were created by statute.

7/ The parity price for a farm commodity is a legal and statistical concept expressing a past price level for the commodity, adjusted to reflect changes in the level of farmers' production and family living expenses.

Table 4. - Minimum wage rates of field workers in the mainland sugar producing areas and in the Virgin Islands and cost of food and clothing in the United States 1934-58.1/

Calendar year	Minimum wage rates	Cost of food and clothing	Calendar year	Minimum wage rates	Cost of food and clothing
	Index (1934 = 100)			Index (1934 = 100)	
1934	100.0	100.0	1947	303.8	204.5
1935	111.5	106.0	1948	288.5	221.3
1936	115.4	106.8	1949	294.5	212.6
1937	128.6	111.3	1950	302.7	214.3
1938	173.6	104.5	1951	303.3	237.7
1939	173.6	101.9	1952	320.9	241.1
1940	191.2	103.4	1953	331.9	237.4
1941	181.9	112.1	1954	333.5	237.0
1942	216.5	131.5	1955	332.4	233.6
1943	224.7	145.1	1956	344.0	235.7
1944	233.5	145.1	1957	372.5	242.8
1945	250.0	148.9	1958	377.5	251.7
1946	281.9	169.6			

1/ Minimum wage rates are averages for the domestic sugar producing areas, except Hawaii and Puerto Rico, weighted by tons of sugar beets and sugarcane produced. In Hawaii wages are contained in industry-union collective agreements and in Puerto Rico wages are set by Commonwealth law. The Sugar Act wage determinations for these areas do not specify dollar and cents rates. In all areas, administrative, field supervisory and employee service workers not directly employed on sugar beets and sugarcane are excluded. Food and clothing indexes are from the Consumer Price Index (U.S. Department of Labor, Bureau of Labor Statistics).

Table 5. - Minimum wage rates and average earnings, by areas, 1958.

Area	Minimum Wage Rate	Average Earnings
	Cents per hour	
Puerto Rico	1/	46.5
Virgin Islands	43.6	57.8
Louisiana	56.8	69.0
Florida	68.7	94.3
Beet Area	72.6	94.8
Hawaii	1/	159.7

1/ See note to Table 4.

As shown in Table 5, a wide difference in the level of average earnings exists among the various areas. This difference is closely related to the development of a mechanized agriculture. In Hawaii, wages of field workers in 1958 averaged $1.60 per hour. The av-

erage wage for field workers in the beet area was $0.95 and for cane workers in Florida it was $0.94 per hour. In Louisiana, Puerto Rico and the Virgin Islands wage rates were substantially lower. The lowest average rate during 1958 - $0.46 per hour - was paid in Puerto Rico.

Sugar Utilization

From the early 1820's to 1926, annual per capita distribution of refined sugar in the United States increased steadily from 9 to 110 pounds. Per capita sugar deliveries during the period 1925-1930 averaged 106 pounds. During the depression years, 1932-1934 per capita sugar deliveries averaged only 95 pounds. The wholesale price of sugar declined during that period to the lowest levels since the mid-1890's; but the decline was less than the decline in the general price level.

Per capita distribution recovered somewhat in 1935 and remained at about 97 pounds through 1940 (see Sugar Reports 90, Table 3, page 12). During the war, supplies were inadequate. Since 1947, distribution has fluctuated rather widely from year to year, but was rather constant by three-year periods averaging 96 to 97 pounds a year. In 1947, 1950, 1953 and 1956 industrial users accumulated stocks and in 1948, 1951, 1954 and 1957 they reduced stocks. Per capita sugar distribution during 1947-1958 averaged 96.5 pounds, about 0.7 pound less than during 1935-1940. The utilization of corn sweeteners increased from 7 pounds in 1936 to 15 pounds in 1947 but declined subsequently. It remained at about 12 pounds through 1957 and has been rising since the beginning of 1958.

In the last quarter of 1941, quota restrictions were virtually lifted when the sugar determination was increased to 9,000,000 tons; from 1942 through 1957 all quota restrictions on sugar were suspended. During the World War II emergency period, the United States sugar supply situation was tight. Imports from the enemy-held Philippines were completely cut off and shipping space for sugar from other offshore areas was limited. Total sugar distribution was lowest during 1942 because of the loss of the Philippines and a sharp drop in imports from Cuba. But the large quantity carried over from the 1941 supply buildup helped ease the situation for consumers. The postwar shortage was most acute in 1946. Because of short supplies in the previous year, stocks had been depleted while sugar distribution on a per capita basis reached the lowest point in over 40 years.

Prices

The Sugar Act is a price-influencing mechanism but it leaves ample room for price fluctuation. Since World War II, domestic sugar prices have been far more stable than world prices. Also, domestic prices have been far more stable since World War II than they were following World War I. During World War II sugar prices were stabilized by price controls and consumer subsidies. The Commodity Credit Corporation imported sugar from Cuba, duty free, sold it at a loss, and absorbed costs to keep prices down to consumers. In 1946 and 1947, when the subsidy programs were brought to an end and costs of obtaining sugar rose, ceiling prices were increased. Except for this one sharp price change and a temporary price peak in the fall of 1939, sugar prices have been remarkably stable under the Sugar Acts.

In relation to the price of other foods, the price of sugar in the United States has declined greatly over the last century. After declining sharply in the 20 years immediately following the Civil War, the price of sugar has remained at moderately low levels except during the post-World War I inflation period in 1920. Since 1940, the index of the wholesale price of all foods has increased considerably more than the wholesale price of refined sugar.

In 1958, the index of the wholesale price of all foods was 255 percent of the 1940 level, whereas the wholesale price of sugar was only 209 percent of the 1940 level. When price controls were instituted in the wake of the Korean conflict the Office of Price Stabilization exempted sugar from price control on February 12, 1951, because inflationary pressures had been warded off by the large distribution during 1950 and it was apparent that the Sugar Act would be able to deal with the inflation problem as it related to sugar.

The Quota Premium

The differential between the price at which raw sugar is sold in Cuba for shipment under quota to the United States and the price Cuban sellers obtain for sugar sold to other countries is referred to as the "quota premium". This differential comes about through the limitation of total marketings of sugar in the United States to the quantities which can be sold consistent with a fair price to producers and consumers.

During the period in which quota programs were in effect the United States price of raw sugar remained above the world price until 1950. As a result of the Korean conflict the world price exceeded the United States price for most of the period from August of 1950 until the beginning of 1952. Then from 1952 through 1956 the United States price of raw sugar exceeded the world price by an approximate average of 1.7 cents per pound. During the first half of 1957 the world price again exceeded the United States price as a result of the Hungarian and Suez crises, a poor European beet crop and uncertainty about Cuban sugar production in 1957.

Since January, 1958 the quota premium has averaged 2.1 cents per pound (see Sug. Reports 90, Table 10, page 20 and figure 5, page 21).

Imports of Sugar

Since 1903 Cuba has been our most important foreign source of sugar. Imports from Cuba first exceeded one million tons in 1903, two million tons in 1913 and three million tons in 1919.

Table 6 shows sugar imports from Cuba since 1920. In the early 1930's imports fell sharply. In 1933, we imported only 1,573,000 tons from Cuba - less than in any year since 1909. The volume of imports increased after 1933 and averaged about 2,000,000 tons from 1936 through 1940. With the virtual lifting of quota restrictions in the latter part of 1941 and the suspension of the quotas from 1942 to 1947, our imports from Cuba increased substantially, averaging 2,800,000 tons and reaching a high of 3,943,000 tons in 1947. From 1948 through 1958 an annual average of 3,000 000 tons of sugar was imported from Cuba.

The value of Cuban sugar imports has increased even more than the quantity. Due to the increase in the level of sugar prices and reduction in the United States tariff Cuban sugar producers received about eleven times as much income from their exports to this country in 1958 as they did in 1933. In 1933, raw sugar exports to the United States yielded 1.1 cents a pound to Cuban producers, in 1958, 5.4 cents.

Imports from full duty countries were 4 percent or less of total imports during the period 1937 through 1956 except in 1941. In the latter year 190,000 tons were imported from full duty countries. Otherwise until 1953, the quantity exceeded 100,000 tons only in 1943 and 1944.

Table 6. - Imports of Sugar from Cuba into the United States.

1,000 short tons, raw value

Year	Imports	Year	Imports
1920	2881	1940	1750
1921	2590	1941	2700
1922	4527	1942	1796
1923	3426	1943	2857
1924	3692	1944	3618
1925	3923	1945	2803
1926	4280	1946	2282
1927	3650	1947	3943
1928	3249	1948	2927
1929	4149	1949	3103
1930	2645	1950	3264
1931	2482	1951	2946
1932	1791	1952	2980
1933	1573	1953	2759
1934	1866	1954	2717
1935	1830	1955	2862
1936	2102	1956	3089
1937	2155	1957	3127
1938	1941	1958	3438
1939	1930		

U.S.D.A. Stat. Bul 214, Table 36. Liquid sugar imports, ex-quota imports for livestock feed and for re-export, and imports charged to credits for duty drawback have been excluded for years when quotas were in effect.

When the Sugar Act Amendment of 1951 trebled the basic full-duty country quota beginning in 1953 these countries responded with annual average shipments of 119,000 tons of sugar during the 1953-1956 period. Imports from these countries increased to 5 and 6 percent in 1957 and 1958 as a result of the 1956 amendment to the Sugar Act. It will be recalled that the quota of these countries amounts to 117,040 tons plus 15.41 percent of our sugar requirements above 8,350,000 tons. Our quota imports from these countries averaged 248,000 tons in 1957-1958.

Changes in Sugar Tariff Rates

While the Sugar Acts have been in effect, tariff rates on sugar have been cut 75 percent (see Table 7). The institution of the sugar quota system for regulating sugar imports and domestic marketings placed tariffs in a secondary role in protecting and maintaining the American sugar industry. It became possible to reduce tariff rates without jeopardizing the industry's economic position.

The United States-Cuban Convention of Commercial Reciprocity of 1902 and the act carrying it into effect, approved in 1903, established preferential rates for Cuba. The treaty and the act specified that the tariff on Cuban sugar must be at least 20 percent below the tariff levied on sugar imported from full duty countries. In 1903, the Cuban rate was established at 1.348 cents a pound and the full duty rate at 1.685 cents a pound. These rates were subsequently lowered and then increased, reaching a peak in 1930 under the Smoot-Hawley Act of 2 cents per pound for Cuban sugar and 2.5 cents a pound for full duty sugar.

Table 7. -, U.S. Sugar Tariff, 1930 to 1959

Date effective	Cuban sugar	Sugar from full-duty countries	Philippine sugar
		Cents per pound, 96°	
1930, June 18	2.00	2.5000	Free1/
1934, June 8	1.50	1.8750	
Sept. 3	.90		
1939, Sept. 11	1.50		
1940, Jan. 1	.90		
1942, Jan. 5	.75		
July 29		.9375	
1948, Jan. 1	.50	.6875	
1951, June 6		.6250	
1956, Jan. 1			0.025
1959, Jan. 1			0.050

1/ The Tydings-McDuffie Act of 1934 provided for a 10-year annual tariff-free quota of 952,000 short tons, commercial weight of sugar from the Philippines. Any excess was dutiable. The Philippines did not make use of their quota until the Sugar Act of 1937 to the extent that it was in excess of their duty-free quota. Substantially similar circumstances prevailed in 1935 and 1936 under the provisions of the Jones-Costigan Act. Source: U.S.D.A., Agriculture Handbook 143, September 1959.

The first reduction was 0.5 cent a pound and was announced with, and made part of, the total action in approving the Jones-Costigan Act of May 9, 1934. In this action the tariff on Cuban sugar was reduced to 1.5 cents a pound, effective June 8, 1934. The action was by Presidential proclamation under the "flexible" tariff provisions of the Tariff Act of 1930 (Table 7).

Subsequently, sugar tariff rates were reduced under the Reciprocal Trade Agreements Act of 1934 and its periodic extensions and amendments. Under the terms of the Exclusive Agreement with Cuba concluded in connection with the General Agreement on Tariffs and Trade, the tariff on Cuban sugar has amounted to 0.5 cent a pound since 1948, while the "full-duty" rate has been 0.625 cent a pound since 1951. These reductions in tariff rates were made possible by the existence of programs under the several Sugar Acts.

ADMINISTRATIVE ACTIONS

Date announced	Natures of action
October 27, 1959	Determination of fair and reasonable prices for 1959 Florida sugarcane crop. Provisions of the 1958 crop determination are continued except molasses payments are modified to reflect most recent 5-year average recoveries of molasses by processors. A new provision permits either of the two Florida processors to process sugarcane grown by the other under toll agreement at an agreed rate for processing. (See October 30, 1959 Federal Register).
October 30, 1959	Revised processor allotments for Puerto Rican direct-consumption sugar, increasing permitted entries into continental United States. The revised allotments reflect increased U.S. total requirements from 9,300,000 to 9,400,000 tons. (See November 4, 1959 Federal Register).
November 6, 1959	Hearing reopened for allotment of 1959 Domestic Beet Sugar Area quota, so as to receive evidence to enable the Secretary to substitute under specified conditions, revised estimates of 1958-crop processings and January 1, 1959 effective inventories for previous estimates. The hearing will begin at 10 A.M. (EST), November 23, 1959, in Room 2-W, Administration Building, U.S. Department of Agriculture, Washington, D.C. (See November 11, 1959 Federal Register).
November 12, 1959	Permits unrestricted sugarcane marketings from individual farms in Puerto Rico for the 1959-60 crop. The provisions of this determination are similar to those effective for the last three crops. (See November 17, 1959 Federal Register).
November 18, 1959	A series of public hearings announced on wage rates and prices for the 1960 crop of sugar beets. The series will be considered as one hearing and testimony at each place will constitute a part of the same record. The hearings will be held between December 4, 1959 and January 18, 1960 in the following cities: Billings, Mont., at 10 A.M., December 4, 1959 in the Chamber of Commerce Building; Salt Lake City, Utah, at 10 A.M. December 7, 1959 in the Theater Building at the Veterans Hospital; Fargo, N. Dak., at 10 A.M., December 9, 1959, in room 220, Post Office Building; Detroit, Mich., at 10 A.M., December 11, 1959, in Room 712, U.S. Post Office and Court House; Los Angeles, Calif., at 10 A.M., January 18, 1960, in Room 810, U.S. Post Office and Court House, (See November 21, 1959 Federal Register).

STATISTICAL SERIES IN THIS ISSUE

HIGHLIGHTS

1. October 1959 sugar deliveries for U.S. consumption, 660,000 short tons, raw value (preliminary), down 118,000 tons from October 1958, and a rebound from large September 1959 deliveries. Deliveries January-October, 7,735,000 tons, up 167,000 tons or 2.3 percent from same 1959 period. Final data for September 1959 deliveries, 992,000 tons, same as previously published preliminary figure.

2. Primary distributors' stocks October 31, 1959 were 1,221,000 short tons, raw value (preliminary), up 181,000 tons from end October 1958 and up 268,000 tons from end September 1959. During October stocks of beet processors increased by 359,000 tons, and of Mainland sugarcane mills by 9,300 tons; refiners' stocks decreased by 63,000 tons and importers of direct-consumption sugar stocks by 38,000 tons. As compared with a year ago, October 31, 1959 stocks were as follows: refiners up 169,000 tons, importers of direct-consumption sugar up 13,000 tons, mainland sugarcane mills up about 1,000 tons, beet processors down about 2,000 tons.

3. Quota charges January-October 1959 were 8,017,000 short tons, raw value, 249,000 short tons, or 3.2 percent larger than during the same 1958 period. Charges to individual quotas up: Hawaii, 377,000 tons; Puerto Rico 61,000 tons; "full-duty" foreign countries, 55,000 tons; and Virgin Islands, 6,200 tons. Charges to quotas down: Cuba, 146,000 tons; Mainland Cane Area, 71,000 tons; and Domestic Beet Area, 33,000 tons.

4. September 1959 sugar deliveries were larger than in August 1959 to four of the five regions; only to the West was there a decrease, 13 percent. Increases ranged between 10 percent in deliveries to the North Central region and 25 percent to New England. As compared with September 1958, deliveries were larger to each region: To the Western, New England, and Southern regions deliveries increased by 19 to 22 percent, to the Middle Atlantic by 12 percent, and to the North Central region by 8 percent. For the first nine months of 1959 compared with 1958, sugar deliveries ranged between 2.5 percent larger to the Southern region and 7.1 percent to the Western region; to the Middle Atlantic region deliveries were 2.6 percent larger, to the North Central region 4.7 percent larger, and to the New England region 5.8 percent larger.

Table 8 -Sugar supply and disposition by primary distributors, January-September 1959

(Short tons, raw value)

Item	Beet processors 1/	Importers	Mainland cane processors 2/	Refiners: Raw	Refiners: Refined	Net total
	(1)	(2)	(3)	(4)	(5)	(6)
			SUPPLY			
1. Inventory Jan. 1, 1959	1,233,115	31,229	16,072	335,408	261,871	1,877,695
2. Production and movement						
a. Received as direct-consumption sugar	-	629,226	0	0	16,819	646,045
b. Produced from beets or cane	590,025	0	90,902	0	0)	
Less deliveries to refiners	0	0	88,782	0	0)	592,145 3/
c. Receipts of raws by refiners	0	0	0	5,034,235 4/	0)	
Less raws melted				4,974,559	0)	59,676 5/
d. Refined from raws melted	0	0	0	0	4,936,791	4,936,791
e. Adjustments	-585	+60	+20	-685	-5,572	-6,762
f. Sub-total	589,440	629,286	2,140	58,991	4,948,038	6,227,895
g. Net total supply	1,822,555	660,515	18,212	394,399	5,209,909	8,105,590
			DISPOSITION			
3. Distribution for						
a. Quota purposes	1,599,825	527,869	17,517	1,992	4,928,274	7,075,477
b. Export	821	18,181 6/	0	0	29,558	48,560
c. Livestock feed	425	26,163 6/	0	0	1,186	27,774
d. Sub-total	1,601,071	572,213	17,517	1,992	4,959,018	7,151,811
4. Inventory Sept.30, 1959	221,484	88,302	695	392,407 7/	250,891 7/	953,779
Total distribution and inventory	1,822,555	660,515	18,212	394,399	5,209,909	8,105,590

1/ Direct-consumption sugar only.

2/ Processor-refiners are included with refiners.

3/ Production less deliveries of raw sugar to refiners.

4/ Includes 88,782 tons delivered from mainland cane processors.

5/ Receipts plus production of raw sugar by refiners less melt.

6/ Reduction in quantity for livestock feed results from reclassification between export and feed sugar.

7/ Includes mainland cane sugar not yet charged to quota: Raws, 4; Refined, 2,396; Total, 2,400.

Table 9 -Distribution of sugar by primary distributors in the continental United States, Puerto Rico and Hawaii during January-September 1959 and 1958

Item	1959	1958	Change 1958 to 1959
	Short tons, raw value		
Continental United States			
Refiners' raw	1,992	1,051	+941
Refiners' refined	4,959,018	4,693,897	+265,121
Beet processors' refined	1,601,071	1,610,061	- 8,990
Importers' direct consumption	572,213	534,825	+ 37,388
Mainland sugarcane processors' direct-consumption	17,517	25,871	- 8,354
Total	7,151,811	6,865,705	+286,106
Deliveries for:			
Export	48,560	49,290	-730
Livestock feed	27,774	26,276	+ 1,498
Continental consumption 1/	7,075,477	6,790,139	+285,338
Puerto Rico	82,240	82,411	- 171
Hawaii	34,467	33,050	+ 1,417

1/ Includes deliveries for United States Military forces at home and abroad.

Table 10 -Stocks of sugar held by primary distributors in the continental United States September 30,1959 and 1958

Item	1959	1958	Change 1958 to 1959
	Short tons, raw value		
Refiners:			
Raw 1/	392,407	224,299	+168,108
Refined 1/	250,891	244,695	+ 6,196
Sub-total	643,298	468,994	+174,304
Beet processors, refined	221,484	173,669	+ 47,815
Importers, direct-consumption	88,302	48,096	+ 40,206
Mainland sugarcane processors 2/	695	473	+ 222
Total	953,779	691,232	+262,547

1/ Includes mainland cane sugar not yet charged to quota: 1959 - Raws, 4; Refined, 2,396, total, 2,400; 1958 - raws, 2; refined, 0; total, 2. 2/ Establishments that acquire no raw sugar from others for refining. Processor-refiner stocks are included in refiners' stocks.

Table 11-Distribution of sugar by primary distributors in the continental United States, October 1959 and January-October 1959 and 1958

Item	1959 1/ October	1959 1/ Jan.-Oct.	1958 October	1958 Jan.-Oct.
	Short tons, raw value			
Refiners	457,418	5,418,428	555,004	5,249,952
Beet processors	166,262	1,767,333	191,598	1,801,659
Importers	34,689	606,902	38,940	573,765
Mainland sugarcane processors direct-consumption	1,500 2/	19,017	1,169	27,040
Total	659,869	7,811,680	786,711	7,652,416
Deliveries for:				
Export	n.a.	48,560 4/	3,105	52,395
Livestock feed	n.a.	27,774 4/	5,361	31,637
For continental consumption 3/	659,869	7,735,346	778,245	7,568,384

1/ Preliminary. 2/ Estimated. 3/ Includes deliveries for U.S. military forces at home and abroad. 4/ January-September only.

Table 12-Stocks of sugar held by primary distributors in the continental United States, October 31, 1959 and October 31, 1958

Item	1959 1/	1958
	Short tons, raw value	
Refiners' raw	275,159	163,929
Refiners' refined	305,296	247,030
Beet processors' refined	580,894	583,230
Importers' direct-consumption	49,956	36,886
Mainland sugarcane processors	10,000 2/	9,020
Total	1,221,305	1,040,095

1/ Preliminary
2/ Estimated

Table 13 -Mainland sugar: Production and quota charges January-September 1959 and 1958

Item	1959	1958	Change 1958 to 1959
	(Short tons, raw value)		
Production			
Mainland cane	90,546	84,992	+ 5,554
Domestic beet	589,440	549,403	+40,037
Total	679,986	634,395	+45,591
Quota charges			
Mainland cane:			
Louisiana sugarcane processors			
For further processing	318	59,162	-58,844
For direct-consumption	13,108	21,254	- 8,146
Louisiana processor-refiners	31,163	41,290	-10,127
Florida sugarcane processors	92,256	120,047	-27,791
Sub-total	136,845	241,753	-104,908
Beet processors	1,599,825	1,607,762	- 7,937
Total	1,736,670	1,849,515	-112,845

Table 14 -Sugar receipts of refiners and importers by source of supply 1/ January-September 1959 and 1958

Source of supply	Raw sugar		Direct-consumption sugar	
	1959	1958	1959	1958
Offshore				
Foreign				
Cuba	2,495,236	2,586,128	402,978	385,355 2/
Philippines	886,175	864,536	36,100	18,500
Other countries	169,295	113,634	71,250	51,814
Sub-total	3,550,706	3,564,298	510,328	455,669
Domestic				
Hawaii	737,348	349,406	16,819 2/	6,593 2/
Puerto Rico	642,295	601,125	118,898	108,527
Virgin Islands	12,302	6,093	0	0
Sub-total	1,391,945	956,624	135,717	116,120
Total offshore	4,942,651	4,520,922	646,045	571,789
Mainland cane area	88,849	141,044	0	0
Acquired for reprocessing and samples	2,735	1,640	0	0
Grand total	5,034,235	4,663,606	646,045	571,789

1/ Includes quota exempt sugar as follows:

Purpose	Importers 1959	Importers 1958	Refiners 1959	Refiners 1958	Total 1959	Total 1958
	(Short tons, raw value)					
Feed	27,522	20,740	884	2,314	28,406	23,054
Re-export	18,524	9,221	35,645	31,688	54,169	40,909
Total	46,046	29,961	36,529	34,002	82,575	63,963

2/ Refined sugar received by refiners: 1959: Hawaii, 16,819. 1958: Cuba, 161; Hawaii, 6,593.

Table 15 -Status of 1959 sugar quotas as of October 31, 1959

Area	Quota	Credit for drawback of duty	Charge to quota & offset to drawback of duty 1/		Unfilled balance	
			Total	Direct-consumption 2/	Total	Direct-consumption
	Short tons, raw value					
Domestic beet	2,267,665		1,766,000		501,665	
Mainland cane	697,783		219,000		478,783	
Hawaii 3/	977,970		868,244	19,891	109,726	12,215
Puerto Rico 3/	969,875		832,990 4/	129,831	136,885	9,330
Virgin Islands 3/	12,405		12,302		103	
Republic of the Philippines	980,000	0	980,000	37,719	0	0 5/
Cuba	3,215,457	3,228	3,090,432	375,705	128,253	0 5/
Other foreign countries	278,845	2,144	248,217	62,460	32,772	3,327
Total	9,400,000	5,372	8,017,185	625,606	1,388,187	24,872
Details of other foreign countries						
Peru	95,527	1,107	78,507	9,054	18,127	1,040
Dominican Republic	81,457	903	80,582	8,984	1,778	17
Mexico	64,809	83	53,181	14,403	11,711	1,944
Nicaragua	14,027	0	12,887	10,469	1,140	310
Haiti	7,014	11	7,025	3,515	0	0 5/
Netherlands	3,731	0	3,731	3,731	0	0 5/
China	3,624	0	3,623	3,623	1	1 5/
Panama	3,624	40	3,651	3,651	13	13
Costa Rica	3,616	0	3,616	3,616	0	0 5/
Canada	631	0	631	631	0	0 5/
United Kingdom	516	0	516	516	0	0
Belgium	182	C	180	180	2	2
British Guiana	84	0	84	84	0	0 5/
Hong Kong	3	0	3	3	0	0 5/
Total	278,845	2,144	248,217 6/	62,460	32,772	3,327
			LIQUID SUGAR 7/ Wine gallons of 72 percent total sugar content			
Cuba	7,970,558		7,970,558		0 5/	
Dominican Republic	830,894		830,894		0	
British West Indies	300,000		0		300,000	

1/ These data include the following: (a) Domestic beet and mainland cane sugar partly estimated; and (b) all other sugar entered or authorized for entry as of October 31, 1959. 2/ Includes raw sugar for direct consumption from Cuba, 16,236; Hawaii, 62; Republic of the Philippines, 6,632; Puerto Rico, 16; Haiti, 3,515; Peru, 32. Total, 26,493. 3/ Despite deficit declared, full quotas remain available as follows: Hawaii, 1,140,462; Puerto Rico, 1,192,498; Virgin Islands, 16,261. 4/ In addition, 117 tons of raw sugar were imported for processing and return to Puerto Rico. 5/ Sugar held in Customs custody pending availability of quota: Cuba, 4,960; Netherlands, 3,453; Canada, 641; Hong Kong, 33; China, 214; Phillipines, 2,695; Cuba, liquid, 87,092 gallons. 6/ Under Section 212 (1) charges to quotas exclude the first 10 tons entered from West Germany, Guatamala, Japan, and from each country listed. 7/ Under Section 212 (3) 11,272 gallons were entered from the United Kingdom and 540 gallons from Australia.

Table 16 -Quota exempt sugar entered under Sections 212 (4) and 211 (2) and sugar entered under bond for refining to be charged to the 1960 quotas, as of October 31, 1959.

Source	For Feed	For Re-export	Total	1960 quota sugar entered under bond for refining
	Short tons, raw value			
Brazil	800	10,856	11,656	0
Costa Rica	496	0	496	0
Cuba	23,532	27,527	51,059	14,805
Dominican Republic	7,530	6,861	14,391	486
Mexico	2,676	3,700	6,376	0
Panama	0	635	635	0
Peru	21	5,386	5,407	0
Philippines	0	0	0	13,429
Total	35,055	54,965	90,020	28,720

Table 17 -Comparison of charges to quotas and offsets to drawback of duty, January-October 1959 and 1958

(Short tons, raw value and percentages)

Area	1959	1958	Increase Tons	Increase Percent	Decrease Tons	Decrease Percent
Domestic beet	1,766,000 1/	1,799,321 2/			33,321	1.9
Mainland cane	219,000 1/	290,175 2/			71,175	24.5
Hawaii	868,244	491,177	377,067	76.8		
Puerto Rico	832,990	772,412	60,578	7.8		
Virgin Islands	12,302	6,093	6,209	101.9		
Philippines	980,000	980,000				
Cuba	3,090,432	3,236,410			145,978	4.5
Other foreign countries	248,217	192,934	55,283	28.7		
Total	8,017,185	7,768,522	248,663	3.2		
Details of other foreign countries						
Peru	78,507	34,354	44,153	128.5		
Dominican Republic	80,582	66,782	13,800	20.7		
Mexico	53,181	53,133	48	0.1		
Nicaragua	12,887	15,718			2,831	18.0
Haiti	7,025	7,240			215	3.0
Netherlands	3,731	4,359			628	14.4
China	3,623	4,253			630	14.8
Panama	3,651	4,253			602	14.2
Costa Rica	3,616	1,116	2,500	224.0		
Canada	631	766			135	17.6
United Kingdom	516	636			120	18.9
Belgium	180	221			41	18.6
British Guiana	84	99			15	15.2
Hong Kong	3	4			1	25.0
Total	248,217	192,934	55,283	28.7		
	LIQUID SUGAR Wine gallons of 72 percent total sugar content					
Cuba	7,970,558	7,947,172	23,386	0.3		
Dominican Republic	830,894	795,157	35,737	4.5		
British West Indies	0	0				

1/ Partly estimated. 2/ Revised

Table 18 -Status of 1959 sugar quotas as of November 12, 1959

Area	Quota	Credit for draw-back of duty	Charge to quota & off-set to drawback of duty 1/		Unfilled balance	
			Total	Direct-consump-tion 2/	Total	Direct-consump-tion
	Short tons, raw value					
Domestic beet	2,267,665		1,825,000		442,665	
Mainland cane	697,783		295,000		402,783	
Hawaii 3/	977,970		903,765	19,994	74,205	12,112
Puerto Rico 3/	969,875		866,916 4/	134,642	102,959	4,519
Virgin Islands 3/	12,405		12,302		103	
Republic of the Philippines	980,000	0	980,000	37,719	0	0 5/
Cuba	3,215,457	3,228	3,120,320	375,705	98,365	0 5/
Other foreign countries	278.845	2,144	261,255	64,011	19,734	1,776
Total	9,400,000	5,372	8,264,558	632,071	1,140,814	18,407
Details of other foreign countries						
Peru	95,527	1,107	90,005	9,065	6,629	1,029
Dominican Republic	81,457	903	80,582	8,984	1,778	17
Mexico	64,809	83	54,411	15,633	10,481	714
Nicaragua	14,027	0	13,197	10,779	830	0
Haiti	7,014	11	7,025	3,515	0	0
Netherlands	3,731	0	3,731	3,731	0	0 5/
China	3,624	0	3,623	3,623	1	1 5/
Panama	3,624	40	3,651	3,651	13	13
Costa Rica	3,616	0	3,616	3,616	0	0
Canada	631	0	631	631	0	0 5/
United Kingdom	516	0	516	516	0	0
Belgium	182	0	180	180	2	2
British Guiana	84	0	84	84	0	0
Hong Kong	3	0	3	3	0	0 5/
Total	278,845	2,144	261,255 6/	64,011	19,734	1,776

LIQUID SUGAR 7/

Wine gallons of 72 percent total sugar content

	Quota	Charge to quota	Unfilled balance
Cuba	7,970,558	7,970,558	0 5/
Dominican Republic	830,894	830,894	0
British West Indies	300,000	0	300,000

1/ These data include the following: (a) Domestic beet and mainland cane sugar partly estimated; and (b) all other sugar entered or authorized for entry as of November 12, 1959.
2/ Includes raw sugar for direct consumption from Cuba 16,236; Hawaii, 62; Republic of the Philippines, 6,632; Puerto Rico, 16; Haiti, 3,515; Peru, 43. Total, 26,504. 3/ Despite deficit declared, full quotas remain available as follows: Hawaii, 1,140,462; Puerto Rico, 1,192,498; Virgin Islands, 16,261.
4/ In addition, 117 tons of raw sugar were imported for processing and return to Puerto Rico. 5/ Sugar held in Customs custody pending availability of quota: Cuba, 4,960; Netherlands, 3,453; Canada, 641; Hong Kong, 33; China, 214; Philippines, 2,695; Cuba, liquid, 87,092 gallons. 6/ Under Section 212 (1) charges to quotas exclude the first 10 tons entered from West Germany, Gautamala, Japan and from each country listed.
7/ Under Section 212 (3) 11,272 gallons were entered from the United Kingdom and 540 gallons from Australia.

Table 19-Quota exempt sugar entered under Sections 212(4) and 211(2) and sugar entered under bond for refining to be charged to the 1960 quotas as of November 12, 1959

Source	For		Total	1960 quota sugar entered under bond for refining
	Feed	Re-export		
	Short tons, raw value			
Brazil	800	10,856	11,656	
Costa Rica	496	0	496	0
Cuba	24,361	30,978	55,339	29,583
Dominican Republic	7,530	6,861	14,391	6,320
Mexico	2,676	3,860	6,536	0
Panama	0	635	635	0
Peru	21	5,386	5,407	0
Philippines	0	0	0	13,437
Total	35,884	58,576	94,460	49,340

Table 20 -Deliveries of sugar by primary distributors, by states, September 1959

State and region	Cane sugar refiners	Beet sugar processors	Importers of direct-consumption sugar	Mainland cane sugar mills	Total
	Hundredweight 1/				
NEW ENGLAND					
CONN	144367		6547		150914
ME	82525		1430		83955
MASS	579221		10185		589406
N H	40503				40503
R I	56677		4200		60877
VT	37433		4000		41433
SUB TOTAL	940726		26362		967088
MID ATLANTIC					
N J	784313		81221		865534
N Y	1732029	26935	203197		1962161
PENN	1073223	8600	217182		1299005
SUB TOTAL	3589565	35535	501600		4126700
N CENTRAL					
ILL	802619	818437	20275	37450	1678781
IND	358354	79369	3974		441697
IOWA	47566	163400	970		211936
KAN	54564	88453		1329	144346
MICH	389491	256896	24202		670589
MINN	34101	171369			205470
MO	259089	154157	600		413846
NEBR	25930	91168		200	117298
N DAK	2404	41305	1050		44759
OHIO	856333	177334	19274		1052941
S DAK	1495	48322			49817
WISC	125298	180671		1045-	304924
SUB TOTAL	2957244	2270881	70345	37934	5336404
SOUTHERN					
ALA	357159				357159
ARK	124539				124539
DEL	28467		630		29097
D C	54271		7625		61896
FLA	182004		143433	26428	351865
GA	455765		36421		492186
KY	247739	4520	1656		253915
LA	398676			2451	401127
MD	373847		52818		426665
MISS	225244				225244
N C	374356		74552		448908
OKLA	118388	24787			143175
S C	250356		14850		265206
TENN	423183		535		423718
TEXAS	668035	108013	10622		786670
VA	287431		80851		368282
W VA	131700		8520		140220
SUB TOTAL	4701160	137320	432513	28879	5299872
WESTERN					
ALASKA	3584	1599			5183
ARIZ	48524	19023			67547
CALI	817907	1017616	41223		1876746
COLO	6658	97073			103731
IDAHO	6452	71709			78161
MONT	1219	34144			35363
NEV	9059	4110			13169
N MEX	14926	19317	7440		41683
ORE	91400	178395			269795
UTAH	6877	108040	7050		121967
WASH	81839	281753			363592
WYO	602	14381			14983
SUB TOTAL	1089047	1847160	55713		2991920
GRAND TOT	13277742	4290896	1086533	66813	18721984

1/ Repo[illegible] as produced or imported and delivered except liquid sugar which is on a sugar solids content b[illegible].

Table 21 -Deliveries of sugar by primary distributors, by states, third quarter, 1959

State and region	Cane sugar refiners	Beet sugar processors	Importers of direct-consumption sugar	Mainland cane sugar mills	Total
	Hundredweight 1/				
NEW ENGLAND					
CONN	376517		18035	500	395052
ME	222572		5630		228202
MASS	1403696		34021	900	1438617
N H	114221				114221
R I	149534		7250		156784
VT	91494		10000		101494
SUB TOTAL	2358034		74936	1400	2434370
MID ATLANTIC					
N J	2124590	1	190650	640	2315881
N Y	4315417	32623	467592		4815632
PENN	2754381	17200	845587	2	3617170
SUB TOTAL	9194388	49824	1503829	642	10748683
N CENTRAL					
ILL	2239652	2299046	44840	66752	4650290
IND	958043	189135	8990	914	1157082
IOWA	168323	526148	2310		696781
KAN	168997	289915		1330	460242
MICH	934280	754916	140637		1829833
MINN	118788	589434		1	708223
MO	812698	416819	600	1212	1231329
NEBR	78323	312329		800	391452
N DAK	4313	129700	1050		135063
OHIO	2241690	334271	67139	200	2643300
S DAK	5800	147741			153541
WISC	407949	602589	551	18003	1029092
SUB TOTAL	8138856	6592043	266117	89212	15086228
SOUTHERN					
ALA	994472			320	994792
ARK	342620	7000			349620
DEL	68372		5430	6	73808
D C	151522		17704		169226
FLA	436696		523489	34140	994325
GA	1315176		145306		1460482
KY	730233	5733	23352	743	760061
LA	1155055			7429	1162484
MD	1072259		135332		1207591
MISS	648314			850	649164
N C	1028460		248957		1277417
OKLA	374449	77960			452409
S C	598286		52178		650464
TENN	1055828		23870		1079698
TEXAS	1987055	347875	19955	610	2355495
VA	719666		269696	2	989364
W VA	335351		20146		355497
SUB TOTAL	13013814	438568	1485415	44100	14981897
WESTERN					
ALASKA	11003	7515			18518
ARIZ	105929	51791	35844		193564
CALI	2617149	3415887	230300	800	6264136
COLO	20691	296490		6	317187
IDAHO	15175	142742			157917
MONT	4605	123864		1	128470
NEV	25103	11800			36903
N MEX	41687	63330			105017
ORE	236841	426725	58513		722079
UTAH	16556	245902			262458
WASH	246856	690232	38100		975188
WYO	2009	40148			42157
SUB TOTAL	3343604	5516426	362757	807	9223594
GRAND TOTAL	36048696	12596861	3693054	136161	52474772

1/ Reported as produced or imported and delivered except liquid sugar which is on a sugar solids content basis.

Table 22 -Deliveries of sugar by primary distributors, by states, January-September 1959 and 1958

State and region	Cane sugar refiners		Beet processors		Total all Primary distributors 2/	
	1959	1958	1959	1958	1959	1958
	Thousands of hundredweight 1/					
New England						
Connecticut	986	898			1,041	950
Maine	538	518			552	526
Massachusetts	3,894	3,700	*		3,999	3,809
New Hampshire	286	266			286	266
Rhode Island	398	382			418	405
Vermont	189	170			251	235
Total	6,291	5,934	*		6,547	6,191
Mid-Atlantic						
New Jersey	5,762	5,414	*		6,348	5,974
New York	11,821	11,445	55	195	13,107	12,706
Pennsylvania	7,248	7,358	52	95	9,677	9,718
Total	24,831	24,217	107	290	29,132	28,398
North Central						
Illinois	6,031	5,195	5,987	6,102	12,196	11,591
Indiana	2,373	2,154	609	894	2,995	3,075
Iowa	442	498	1,225	1,132	1,677	1,669
Kansas	533	585	694	651	1,228	1,240
Michigan	2,392	1,990	2,135	1,985	4,788	4,243
Minnesota	364	350	1,533	1,517	1,897	1,876
Missouri	2,186	2,237	945	915	3,162	3,160
Nebraska	231	289	864	827	1,108	1,121
North Dakota	8	3	302	287	313	290
Ohio	5,848	5,280	861	897	6,843	6,366
South Dakota	19	18	324	282	343	301
Wisconsin	1,027	1,054	1,484	1,313	2,553	2,413
Total	21,454	19,653	16,963	16,802	39,103	37,345
Southern						
Alabama	2,418	2,240			2,426	2,249
Arkansas	849	897	40	35	889	933
Delaware	163	148			176	163
District of Columbia	395	378			455	473
Florida	1,165	1,015			2,929	2,794
Georgia	3,690	3,364			4,174	3,842
Kentucky	1,764	1,813	7	13	1,828	1,926
Louisiana	2,851	2,721			2,880	2,786
Maryland	2,703	2,552			3,096	2,931
Mississippi	1,658	1,770			1,663	1,783
North Carolina	2,547	2,485			3,181	3,098
Oklahoma	949	951	205	245	1,154	1,197
South Carolina	1,432	1,229			1,544	1,374
Tennessee	2,622	2,549			2,675	2,579
Texas	5,224	4,985	935	1,064	6,244	6,228
Virginia	1,675	1,637	8	1	2,374	2,300
West Virginia	759	809	1	*	804	882
Total	32,864	31,543	1,196	1,358	38,492	37,538
Western						
Alaska	31	23			54	
Arizona	280	248	159	162	474	410
California	5,604	4,665	7,096	7,294	13,040	12,075
Colorado	56	76	783	715	841	791
Idaho	36	41	266	264	302	305
Montana	15	14	271	272	286	286
Nevada	58	48	32	30	90	78
New Mexico	103	118	172	169	283	287
Oregon	524	497	907	832	1,529	1,412
Utah	47	56	519	486	573	542
Washington	533	561	1,359	1,294	1,966	1,963
Wyoming	5	6	90	89	95	95
Total	7,292	6,330	11,677	11,607	19,533	18,244
Grand total	92,732	87,677	29,943	30,057	132,807	127,716

1/ Reported as produced or imported and delivered except liquid sugar which is on a sugar solids content basis.

2/ Includes deliveries by importers of direct-consumption sugar and mainland cane sugar mills.

* Less than 500 hundredweight.

Table 23 -Sugar prices

Year and month	Raw cane: N.Y. duty paid	Raw cane: World f.a.s. Cuba	Raw cane: Freight and insurance Cuba to New York	Refined beet, quoted wholesale (gross) 1/: Eastern	Refined beet: Chicago-West	Refined beet: Pacific Coast
	Cents per pound					
1954-58 monthly av.	6.13	3.73	0.42	8.53	8.46	8.73
1957 monthly av.	6.24	5.16	0.44	8.63	8.62	9.02
1958 monthly av.	6.27	3.50	0.36	8.61	8.68	9.13
1958						
November	6.35	3.42	0.39	8.65	8.65	9.20
December	6.44	3.64	0.39	8.65	8.65	9.20
1959						
January	6.15	3.27	0.38	8.79	8.79	9.20
February	5.99	3.11	0.36	8.65	8.65	9.20
March	5.84	3.05	0.37	8.58	8.57	9.14
April	5.92	2.88	0.41	8.45	8.40	9.00
May	6.30	2.94	0.42	8.58	8.46	9.05
June	6.31	2.81	0.40	8.80	8.65	9.10
July	6.29	2.66	0.38	8.80	8.65	9.10
August	6.37	2.78	0.36	8.80	8.76	9.10
September	6.51	3.09	0.36	8.80	8.80	9.10
October	6.55	3.10	0.37	8.80	8.80	9.10
Last 12-month av.	6.25	3.06	0.38	8.70	8.65	9.12

Year and month	Prices (continued): Refined cane, quoted wholesale (gross) 1/: New York	Refined cane: Gulf	Refined cane: Chicago-West	Refined cane: Pacific Coast	Refined retail: U.S. average
	Cents per pound				
1954-58 monthly av.	8.90	8.73	8.67	8.82	10.76
1957 monthly av.	9.15	8.95	8.82	9.12	11.03
1958 monthly av.	9.27	9.08	8.89	9.21	11.26
1958					
November	9.35	9.15	8.85	9.20	11.38
December	9.35	9.15	8.91	9.20	11.38
1959					
January	9.35	9.25	9.05	9.20	11.38
February	9.28	9.20	8.85	9.20	11.34
March	9.16	9.12	8.77	9.14	11.38
April	9.05	9.05	8.60	9.00	11.34
May	9.19	9.17	8.70	9.05	11.32
June	9.35	9.30	8.90	9.10	11.38
July	9.35	9.30	8.85	9.10	11.42
August	9.35	9.30	8.96	9.10	11.46
September	9.35	9.30	9.00	9.10	11.50
October	9.55	9.50	9.00	9.10	
Last 12-month av.	9.31	9.23	8.87	9.12	11.39 2/

1/ These are basis prices in 100 pound paper bags, NOT delivered prices. To obtain delivered prices add "freight prepay" and deduct discounts and allowances, if any. (For illustration see Sugar Reports 81, January 1959, pages 5 to 9). 2/ 11-month average.

Table 24 -Refined sugar production and month-end stocks

Year and month	Production: Cane sugar refiners	Production: Beet processors	Month-end stocks: Cane sugar refiners 1/	Month-end stocks: Beet processors
	1,000 short tons, raw value			
1954-58 monthly av.	507	168	269	824
1957 monthly av.	504	169	296	800
1958 monthly av.	517	187	267	835
1958				
November	467	630	273	1,066
December	505	460	262	1,233
1959				
January	464	156	295	1,283
February	429	49	320	1,232
March	513	22	340	1,098
April	536	31	365	977
May	585	44	296	783
June	570	48	336	655
July	594	28	338	465
August	608	79	322	317
September	638	133	251	221
October 2/	515	526	305	581
Last 12-month av.	535	184	309	826

1/ Includes over-quota and quota exempt sugar. 2/ Preliminary.